LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6833 **DATE PREPARED:** Jan 7, 2002
BILL NUMBER: SB 414 **BILL AMENDED:**

SUBJECT: Joint economic development commission.

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FUNDS AFFECTED: **GENERAL**
DEDICATED
FEDERAL

IMPACT: Local

Summary of Legislation: This bill allows a county and a municipality located within the county to establish a joint economic development commission.

Effective Date: July 1, 2002.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: Under current law, a town, second or third class city, or a consolidated city may establish a department of economic development. A county may also do so. Currently, in case of a second or third class city, or a town, such city or town is required to establish an economic development commission consisting of three members (second and third class cities may have five members with approval by ordinance of the city fiscal body.)

Under current law, an economic development commissioner is not entitled to any salary, but is entitled to:

(1) reimbursement for expenses necessarily incurred in the performance of his duties; and
(2) a per diem allowance for each day the commissioner attends a commission meeting,
if the allowance does not exceed the per diem allowance for members of the General Assembly; and is authorized by the fiscal body that established the commission.

The bill would allow the fiscal body of a county and the fiscal body of a municipality in the county to establish a joint department of economic development. In order to do so, both the municipality and county in question would be required to adopt identical ordinances creating the joint department. If a new municipality/county department is created, a joint economic development commission would consist of seven members. Each member would be entitled to the same compensation listed above.

A participating county or municipality may withdraw from a joint department at the end of a fiscal year with the repeal of the ordinance establishing the joint department.

The specific impact of this provision to county and municipal expenditures is indeterminable and would depend on local action. The establishment of a joint department and commission could reduce expenditures if an existing county department and/or municipal department were absorbed into a combined department. Savings could be experienced if the combined department were housed in the same location, thereby eliminating the need for two separate facilities. If fewer staff were required to operate one facility instead of two, the county/municipality could also experience reduced expenditure for salaries.

The current number of county, municipal, city, or town departments of economic development is currently unknown. This fiscal impact statement will be updated if numbers become available.

Explanation of Local Revenues: Under current law a fiscal body of a local unit may levy a special tax to pay the costs of operation of their economic development commission. Any unit having money raised by taxation for any type of industrial aid or development as authorized by any other statute may transfer the money to the their department of economic development.

If a county and a municipality establish a joint department, and either the county or the municipality choose to not close their existing department, it is possible that either the county or the municipality could levy a special tax, as described above, for both a joint department and the county or municipality department still in existence.

State Agencies Affected:

Local Agencies Affected: Counties, municipalities.

Information Sources: